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ACHIEVING COMPETITION ADVANCEMENT THROUGH COMMUNICATION

KOMUNIKACIJOM DO KONKURENTSKIH PREDNOSTI

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Abstract

In order to survive, business organizations need to create and maintain the ability to overcome their rivals in the competitive market of today's globalized and networked world. To achieve this, business organizations need to find an answer to the question of how to do something better, or different than their competitors, and to have that so accepted by the potential customers. In theory and in practice, this kind of activity is known as strategic management. To achieve its goals, a business organization communicates with its surroundings, and by doing this, the communication itself becomes an important part of strategic management. To put it most simply, the surroundings can be perceived as the interior or the exterior one. Communication with the interior surroundings has in its goal to create a product or a service, and communication with the exterior surroundings has in its goal to sell that product or service. The process of exchange begins and ends with communication. Therefore, communication becomes an instrument for, and the area of achieving competition advancement. The satisfaction of customers can't be achieved without the satisfaction of people who communicate with the customers directly, or indirectly.

Sažetak

U suvremenom globaliziranom i umreženom svijetu poslovne organizacije da bi opstale na tržištu moraju stvoriti i održati sposobnost pobjeđivanja svojih suparnika u tržišnom natjecanju. Kako bi to uspjele poslovne organizacije moraju nalaziti odgovor na pitanje kako nešto učiniti bolje i/ili drugačije od konkurenata, a što će prihvatiti potencijalni potrošači. U teoriji i praksi ovakvo djelovanje poznato je kao strateški menadžment. Da bi ostvarila svoje ciljeve poslovna organizacija komunicira sa svojom okolinom, a time i komunikacija postaje važan dio strategijskog menadžmenta. Okolina se može najjednostavnije promatrati kao unutarnja i vanjska. Komunikacija sa unutarnjom okolinom ima za cilj proizvesti, stvoriti proizvod ili uslugu, a komunikacija sa vanjskom okolinom prodati proizvod ili uslugu. Proces razmjene počinje i završava komunikacijom, tako komunikacija postaje i alat i područje za ostvarivanje konkurentske prednosti. Zadovoljstvo potrošača ne može se postići bez zadovoljstva ljudi koji sa tim potrošačima komuniciraju direktno ili indirektno.

1. INTRODUCTION

A typical enterprise in an economy has a competition which is not so rigorous that could be described as a market of perfect competition. A

typical enterprise has also certain degree of market power, but that power is not so strong that it could be called monopoly. In other words, typical enterprise is imperfectly competitive, but distinction can be made between oligopoly market with few sellers and mo-

monopolistic competition market whose structure is made of many companies that offer similar, but not identical products. On the market of monopolistic competition each enterprise has monopoly over the product it produces, but many other enterprises offer similar products and they compete for the same consumers. In some cases it is difficult to determine the structure that best describes the market as it is difficult to determine what is „many“, and what is „little“ in terms of number of companies. In some cases there is no safe way to determine when it is about identical and when the differentiated products. However we define and observe market structure, it is clear that there are no markets that are not exposed to competition nowadays. Even in the case of monopolies you can not do as you prefer, but you have to take into account the price and quantity of the product because the marginal revenue can even become negative^{1/} and exposure to the laws on competition increment and protection of market competition is increasing.

In order to survive on the market, a company must have a competitive advantage over their competitors. Advantage in the marketplace or competitive advantage is the *punctum aliens* of a company strategic actions, and its possession is a basis for distinguishing successful from unsuccessful. Each strategy is based on building and sustaining competitive advantage and competitive advantage is a matter of long-term ability of a company to consistently beats its rivals in the market competition. The strategy of a company indicates the managerial decisions about how to attract and to please customers, how to react on market conditions changing, how to compete effectively, how to increase business, how to manage every functional part of the business, and how to achieve the results of work. In general, the strategy of a company should be directed towards the products or services offer which is different from the competitors offer, or toward developing competitive skills which competitors can hardly be measured with.. What is particularly important is competitive advantage sustainability, because without the maintainability, the advantage quickly fades. Therefore, the fundamental objective of strategic manage-

ment is to determine, create and to sustain a competitive advantage through a relatively long period.

Communication exists as long as the human race itself. The man has always communicated with ITS environment. With the evolutionary maturing human species has developed communication, lifted above the others, and the intellect has got its full meaning. Communication represents the basis of human socialization and socialization occurs during formatting the products and services, and during their exchanges as well. Accepting this fact, Zvonarević's assertion that *homo sapiens* is a man who speaks, can be paraphrased into assertion that he is the man who produces and exchanges - a man who communicates.

As competitive advantage becomes *punctum saliens* of the effect on modern markets, communication becomes a *conditio sine qua non* of the strategic action as a tool and as an area where competitive advantage is gained.

2.THE FUNDAMENTAL APPROACHES

As it was mentioned in the introduction, the answer to the question on how a company achieve and maintain a competitive advantage lies in the company strategy, and the process through which the strategy is formulated and implemented is most commonly defined as a strategic management. Strategic management can be defined as the process by which the organization is guaranteed the existence and benefits from the use of appropriate organizational strategy, and strategic management process consists of five consecutive and continuous steps: environment analysis, the formation of organizational direction, strategy formulation, strategy implementation and strategic control

There are different theories and approaches on how to achieve competitive advantage, and what are its basic sources. The approach of the strategic positioning sees a key aspect of the competitiveness in the industry or industries in which it competes. Competitiveness is the result of the attractiveness of the industry and position of companies within the industry.

Resource approach denies link between industrial structure and profitability, and it seeks the sources of performance and competitive advantage within the organization and then it connects them with the resources that the company owns. According to this approach, competitors can be identified not only according to the similarity of the product but also according to the similarity of their resources. Dynamic processing approach emphasizes that the competitiveness of the organization is in its managerial and organizational processes, and dynamic capabilities of the organizations are to integrate, build and reconfigures competence in order to respond to the environment that is constantly and rapidly changing. Relational approach sees the competitive advantage in relationships with suppliers, investors, partners, and even competitors, and the success of the organization is affected by its relationships with others, and its strategic network. This approach seeks the sources of competitive advantage beyond the organization and stresses that the key source of competitive advantage are distinctive relations and cooperation between competitors. These approaches should not be considered exclusive but rather complementary in terms of showing what should be analyzed and developed as to achieve competitive advantage. Similarly, the development of these approaches indicates the development of managerial thought and direction when searching for answers on how to achieve and maintain a competitive advantage, which is significantly affected by development and application of new communication channels and technologies.

There are numerous approaches and definitions about communication as the mode of action, indicating interdisciplinary and complexity of this phenomenon. The word communication comes from the Latin word *communicare* meaning to make general, common /2/. Also, the term communication means to convey, transmit, transfer, and communication is defined as transmitting and receiving information, signals and messages through speech, gestures, writing, and other. /3/. The term communication, in its most general form, denotes the exchange of messages between two

or more persons. The person or persons who the messages come from are called creators or providers of messages, and those who receive are the message recipients /4/. Communication can be understood as the relationship between the sender and the recipient, and the central element of communication is the social interaction that helps to interpret the information. Every communication is based on the signs. The sign is everything that transmits information: word, subject, gestures, pictures or voice, and forms of communication can be regarded as verbal, nonverbal, oral, written, mutual, public, visual, mass. Even silence and listening are important parts of communication process. Communication which is used for achieving company objectives may be called business communication. This communication takes place both within the company and within a particular economy area, so it can be categorized based on business communication within the organization, and due to business communication outside the organization.

Communication within the company³ is directly linked to the realization of plans and objectives, functions and organizational structure. The fundamental purpose of this communication is to produce, to create a product or service, or the subject of the exchange. Internal communication is usually regarded as formal and informal. Formal communication is the one that takes place in accordance with the organization charts. Can be descending (top-down), upward (bottom-up) or lateral (side). Informal communication is one that does not take place according to the hierarchical relationships shown in organization charts.

Communication outside the company with the external environment includes all communication, related to the products and services creation and placement. The dominant form of communication that organizations use when addressing to external environment is a marketing communication. This is clear considering that, in every task of any organization, customers, consumers, clients and users take

³ Sometimes referred to as organizational communication, because the company can be seen as an organization

very important place. It is particular for marketing communication that, unlike other forms, it uses mass media and it is mostly convincing and persuading. Typical forms of marketing communication are advertising, sales promotion, public relations, publicity and sponsorship.

This extensive area of communications, which plays a vital management function within the modern organizational systems and possible modes of action and the impact on the overall business, is called the corporate communications by some authors. In corporate communications there are three recognized dominant forms of communication:

1. managing communication aimed at internal and external groups;
2. marketing communications (advertising, direct marketing, personal selling, sponsorship activities, etc.);
3. organizational communication (public relations, corporate advertising, investor relations, internal communications, crisis communications, etc.).

3. COMMUNICATION AND STRATEGIC MANAGEMENT

The fundamental characteristic of the modern markets is exposure to competition and there is no market where you are alone where you can "hide" and where the competition will not soon arrive. Also, the competition nowadays takes place mostly in intangible and fluid components of products and services. It is no longer enough that the product has certain technical features, functionality, reasonable prices, etc. It must establish and communicate a special relationship with a potential consumer, the consumer must like it, it must stimulate his emotions, it must go through a process of selective perception, it must "click" and take a special place in his mind.

Also, the line that separates the successful from those who are not, is getting thinner. There are no small or harmless benefits. Similar to the ski race, when the order of the top ten is within one second, the difference between first and second is a hundredth of a second. In the perception of the consumer the

difference between the winner and the other is in the whole eternity. There are two important reasons for these modern market characteristics:

- a) consumers possess the information that enables them to bring decision about buying and after buying decisions;
- b) consumers are aware of their importance, the competitive struggle that takes place for their affection, they want to be pleased, their expectations met and exceeded.

When we are talking about the importance of emotional, perceptual and communicational occupying of the consciousness, about dividing line that is getting thinner, the specific role of nonverbal communication must be pointed out. The majority of market participants understand the importance of what we say, but the importance of how we say it is not sufficiently understood. If we accept that "the word is given to the man to conceal his thoughts⁴," then he is also given non-verbal behavior to reveal it.

Nonverbal communication is non-linguistic transfer of information through visual, auditory, tactile channel and channel of movement. Encoding process includes facial expressions, gestures, posture, voice tone, touch, body movements, proximity or distance in space interlocutor. Decoding process involves present experiences combined with previous ones and it interprets them into meaningful information. Nonverbal communication can be referred through mass media, products, face to face or by the phone /5/. Nonverbal behavior is primarily used to express emotions, to show attitudes, to reflect the personality characteristics and for the regulation of verbal communication. Also, non-verbal signs emphasise or complement the spoken message. In most communicational situations verbal and non-verbal communication are not mutually exclusive. Managers must make sure that in their communication verbal and nonverbal factors are not in contradiction. If words for example, express approval but shows disapproval non-verbally, the result will be ambiguity of messages. Managers who are able to successfully

⁴ Marie - Henry Beyle Stendhal, French writer, 1783 - 1842.

communicate through combination of verbal and nonverbal communication elements are crucial for the success of any organization.

3.1. Communication in strategy formulation

Strategic management as a process that wants to build and sustain competitive advantage consists of several stages. Communication enables the implementation and integration of each of these stages, but it has crucial role in the stages of environment analysis and in the strategy formulation and implementation. Typically, the enterprise environment can be regarded both as external and internal environment. The external environment refers to the legal and political, technological, economic and socio-cultural variables of the business that the company has no influence on, but they must adapt to them. Elements of the external environment that are more influenced by the company include the labor market, suppliers, consumers and competition. The elements of the internal environment include management, employees and the culture of the organization. The basic presumption and a critical step in formulating strategy is analyzing the situation or the environment.

The analysis of the external environment is basically a communication process used to collect, process, interpret and distribute data and information that are the foundation for decisions making about the strategic direction of the organization. As the first step in the strategic management is the environment analysis, the overall strategic behavior of organizations will depend on the communication strategies used in this phase. Also, by monitoring the communication activities of the external environment, the organizations can learn more about the industry in which it competes, about the competitors, customers, suppliers. Annual reports, brochures, advertising, performances and statements of managers, suppliers, media monitoring, sales representatives, interviews, focus groups, surveys, are only some of the most commonly used sources for data collection. The use of ICT (information communication technology) has become crucial in understanding the issues of importance

to the organization, both in the collection and searching of data and in databases formation that provide the basis for a new strategic action.

The Internet has become an instrument that managers can use to monitor and identify trends in the environment. As the calculators has made everybody expert in computation, so the Internet can turn the managers into experts for detecting and monitoring trends in the environment. One of the most common methods for "spying" is to use the information provided by the major browsers. It is common for browsers to continuously publish and give comments for the most searched topics, and some like Yahoo and Google provide and rank the most common searches.

Internal environment, as well as the external environment analysis, makes a sort of communication system and a process which must include all the components of the internal environment in order to identify the strengths and weaknesses of the organization. The basic characteristic of the internal environment is that it exists in the organization and it is under the direct influence of the organization and has an immediate effect on the management of the organization. Fundamental concept in the analysis of competitive ability are resources. They are the starting point and foundation for the development of skills and competencies. As already noted, material and physical resources (land, buildings, equipment, supplies, money, etc) are available for the most of market participants, and technological solutions are easy to imitate, despite the patent system. "Intangible" resources: brand name, reputation, knowledge, culture, image, skills, motivation, loyalty and work ethic, are becoming crucial in building and gaining competitive advantages. The only tool that "intangible" turns into "tangible" is communication. This sets new requirements to the activities and forms of communication whose realization and settling presents particular part of the overall organization strategy, and communication becomes critical in gaining and maintaining competitive advantage.

Formulation or strategy development comes after detailed environment analysis, aiming to

develop strategic options that increase opportunities and strengths, and avoid threats and weaknesses. In complex, more productive organizations there are three strategic levels which the managers must determine strategy for: organizational or corporate level, business units level and functional levels. In small firms operated by the owner, the owner himself serves as a strategic visionary and a major strategy maker. However, in most companies influential role in the strategies creation have leaders of business sectors, production lines, managers of functional departments. Decentralized decision-making is common today, and key parts of the strategy are formed on the middle and lower levels. The more the enterprises operations are related to the larger number of products, industries or geographic areas, the more senior managers tend to delegate authority to the staff on the "spot" because it has first-hand information about the customer's requirements, can better evaluate market opportunities and can respond to market and competitive conditions changing. In order to collect and distribute relevant information in a larger and more complex businesses, which are the basis for the strategy construction, organization and internal communication strategies must be adjusted to the needs of enterprises. In what way are management levels connected by upward and downward communication, how are some functional units connected by lateral communication, whether the communication is formal or is it expressed in informal form which encourages creativity and gives freedom to all members of the organization to contribute to strategic decisions making, is ICT, used sufficiently and properly, are there any delays in the flow of information? The answers to these questions will determine the overall strategic behavior of a company.

3.2. Communication in the strategy implementation

The strategy implementation implies introducing and informing members about the strategy, organizational changes required by the implementation of the strategy, tasks,

goals, and other tactical and operational actions that stand in front of employees, departments, product lines and all the other resources of the organization. Its further success will depend from the clear, unambiguous and understandable communication at the beginning of the strategy implementation. The main tasks of management in the process of strategy implementation among others include: the introduction of information and operating system that allows employees to successfully perform strategic decisions, creation of work environment and organizational culture that are aligned with the strategy and achievement of leadership commitment and motivation of all members of the organization. Thus, the overall success of the organization more and more depends on so called cooperative communications. It is about style of communication that accurately conveys the message and emphasizes mutual respect and cooperation, promote good relations and understanding between the people communicating. Among others, the reasons for the improvement of communication skills within the organization and acceptance of cooperative style of communication are: more work is performed with more pleasure, more mutual respect, more effects, problems can be better solved, the relationship with others is closer. Beside that, cooperative communications provide support, encourage and motivate people and for managers they are an effective means to increase work efficiency, to encourage innovation and creativity. A key part of manager's job is to influence the members of the organization to fulfill strategic objectives and that influence refers to the process of members activities conducting in the right direction /6/ and in the middle of the influential subsystems, as part of the overall management system, is communication. The basic motivational strategies for managers are good communication with the members of the organization. Effective communication between the manager and the subordinate can meet basic human needs, such as recognition, a sense of belonging and security. The general rule is that managers should strive to frequently interact with other members of the organization because it is

a basic tool for satisfying human needs of members of the organization /7/.

One of the forms of communication that tends to influence internal environmental organizations are public relations, which, in this case, are seen as internal public relations. As a part of the broader concept of the public relations function, the main objectives of internal communications are to identify, establish and maintain mutually beneficial relationships between an organization and its employees, which success or failure depend from. The most important activities of internal public relations are: providing full and timely information to employees, introduction of the business strategy to the employees, prevention of rumors, motivation of employees for work and changes. Also, the experts point out new trends of business conduct that are becoming crucial for achieving competitive advantages, which imply that organizations are becoming less hierarchical and more rely on teamwork, and for the success "feminine style" of communication and cooperation, or "women's leadership style" becomes critical. Today's organizations are characterized by participation of employees in decision making, information sharing, trust, friendship and cooperation. Strict channels of information have become a stumbling block, and individuals that use "feminine style" in leadership emphasize the importance of mutual relations and teamwork, and information sharing is getting a special attention. Power and information sharing shows the confidence of managers in associates, belief in innovation and creativity, and managers encourage information flow because they believe that the information is a basic resource of today's organizations, ie their growth and progress.

The next step in strategy implementation includes specific actions and behavior on the market where the product or service meets all the elements of the external environment. Modern concepts of market behavior puts in the foreground consumers and recognition and satisfaction of their needs. Such a course of action is known as marketing in theory and practice, and marketing can be viewed as a concept, a process and as a scientific disci-

pline. The exchange is the fundamental concept and the basis of marketing. Determined on this way, marketing can be understood primarily as a communication process, a two-way communication system where the information, financial resources, products and services can be shared, sent and received. In this sense one can speak of a special form of communication, marketing communication, which represents the process of transferring information, ideas and emotions from sender to the receiver through the media with the aim of achieving certain effects. /8/. It is clear that marketing strategies have to follow the main corporate strategy of business units. In this sense, the marketing objectives and marketing effects may be an increase in sales, achievement of desired market share, creation of awareness of the product, creation of the interest, creation of the positive attitude toward the brand, creation of a positive image and reputation desired /9/. In modern economies the importance of marketing and marketing communications is rising, and there is a new approach and a new term in contemporary philosophy of communication: integrated marketing communications - IMK. IMK as an imperative sets integrated approach and linking of all forms of communication as a necessity of modern business and synergy effects achievement /10/. Forms of integrated marketing communications are: advertising, direct marketing communications, sales promotion, personal selling, public relations, publicity and billboard advertising. However, two subgroups in terms of used routes and time needed to get desired effects and objectives can be distinguished. The first group include advertising, direct marketing, sales promotion whose aim is direct communication and obtaining of immediate effects that are commonly associated with the product or service brand. The second group includes public relations, publicity, institutional advertising and sponsorship, as communication forms that require a longer period for achieving the desired effects. The effects are usually related to the creation of a positive image of the company and product, creation of desired image, etc.

4. COMPETITIVE ADVANTAGE AS COMMUNICATION EFFECT

The main focus of company is the consumer and the future of a company depends on understanding and satisfying consumer needs. Therefore, it is clear that all of the company activities are aimed at better understanding of consumer behavior and at the possibilities to influence it through various forms of communication. The result of this company behaviour is the concept of image and concept of customer relationship management as the areas for gaining competitive advantages, which are based on the use of modern communication technologies and communication effects on consumer behavior.

4.1. The image and competitive advantage

The term "image" was introduced into the business practices by Sidney Levy (Northwestern University) in 1955 and it has been applied to various objects since then. The image can be defined as the cognitive picture of company, product, person, or situation that the individual shapes according his comprehensive prior experiences, attitudes, opinions and perceptions that are more or less aligned with the actual characteristics, and the role of communication, especially public relations, publicity and advertising, image formation, is of particular importance. Good image of the company means that its communication activities are well placed, and on the basis of image a company can draw exceptional benefits such as increasing competitiveness. Corporate image is associated with physical and behavioral attributes of the company, such as company name, its architecture, the diversity of products and services, tradition, ideology and overall impression of quality communicated by each employee of the company. There are many benefits that can be achieved by positively constructed image:

- faster and easier identification of a particular product in a multitude of identical or very similar ones ;
- image "moves" consumer through all stages of the purchase decision process and accelerate the decision process;

- image affects the sense of satisfaction and thus it will lead to repeat purchases and create loyalty with consumers;

- positive associations and experiences created by image will be transferred to other products and facilitate their introduction to the market;

- image reduces the elasticity of prices, in other words, products with a positive image can achieve a higher price than competitors, without reducing their demand;

- management and employees will be identified with the image and will develop a sense of loyalty and commitment to the company.

The desired image is often the most powerful factor of differentiation of a particular company, its products and / or services in comparison with the competition. There are many advantages a company can have if properly use corporate communication as a strategically important tool for creating corporate image and for creation of a direct competitive advantage through the implementation of communication activities.

4.2. Custom Relation Management (CRM)

Today, the consumer, as an individual, is the basis of competitive advantage. Such business requires detailed knowledge of the consumer, which is only possible with interaction and communication between consumers and companies with the aim of continuous monitoring of consumers requirements. The main goal of consumer orientation is to provide the consumer experience through a period of time in which consumers will have an image about market operator who is able to achieve or exceed consumers expectations at any time and that will create consumer loyalty. As a tool for achieving this goal Customer Relationship Management (CRM) was developed. It allows us to understand the requirements and desires of present and future consumers. CRM is experiencing expansion in the modern marketing business and the researches conducted in 2000 show that investment in the CRM implementation was \$ 18 billion and is growing by 30% annually.

CRM is a broad term and usually involves two components. The first one is the necessity of

technology implementation to the process of acquiring abundant information about each customer and the opportunity to have one to one relationship with every customer. Another feature is the sensitivity and empathy for each consumer, relationship between companies and their employees with a consumer, based on humane business relationships. There is no unambiguous definition of CRM business strategy, and one of the definition is " customers relationship managements is an improved understanding of the consumers demands and the construction of a new organizational culture based on knowledge gained through the implementation of the consumers desires in all processes, operations and overall strategy of the company" /11/.

CRM is therefore focused on creating and maintaining long-term good relations with customers whereby it largely relies on new information technologies and Internet services. Although the ideas that are an integral part of the CRM concept had existed earlier, information technology has improve its implementation and led to the rapid expansion of software for CRM. CRM depends on information technology development and it is due to the fact that it would be practically and technically impossible to manage such a wide range of information about each individual consumer and to transform information into useful knowledge applicable without information tools . CRM includes applications based on information technologies that connect information of the company with the knowledge of how to use this information to effectively create and maintain mutually beneficial long-term relationship /12/.

Industrial era was characterized by standard products and services based on mass production. The competitive advantage was gained by leadership in costs and lower prices, while in the information era, the products and services are created by consumer preferences based on relevant information about them. Thus, the development of technology and the Internet changed the way the companies do business and the way they communicate with consumers and other stakeholders. The main contribution of CRM technology is in getting

the right information upon which business decisions can be easier and faster made. Thus, for example, it is possible to identify current and future customers, the CRM database enables monitoring of abandonment rates and customer retention rates, as well as level service analysis designed to increase customer satisfaction.

The main goal of CRM is to provide superior service based on providing faster order and inquiries processing, as well as automatic synchronization of information flows with other business processes. Information can be used for developing new products, expansion of the product usability, marketing costs reduction, key customers recognition and retention, supply chain costs optimization, enabling the personal communication, product profitability increase and strategic positioning in the market.

Customers and consumers are usually described as kings today, and for their devotion and loyalty many competitors struggle in order to satisfy their needs, requirements and desires. Likewise, today's customers increasingly raise expectations that tend to increase the quality and the delivery rate. But, it is not enough to meet the expectations of customers, it is often necessary to surpass, to surprise them and provide them with more benefits from purchasing a product than they expected. So, surpassing the consumers expectations and establishment of competitive advantage in this way begins with CRM, which is adjusted to the different profiles of consumers and at the same time compatible with the overall strategy of the company.

5. CONCLUSION

In order to survive in the market , companies should have a competitive advantage over their competitors. Market advantage, or competitive advantage is punctum aliens of companies strategic actions, and its possession is a basis for distinguishing successful from unsuccessful. Communication is the basis of human socialization and the process of forming and exchanging products and services is

achieved through communication. Thus, competitive advantage becomes punctum saliens of activities on the market nowadays, and communication becomes a conditio sine qua non of strategic action as a tool, and as an area where competitive advantages are gained.

There are different theories and approaches on how to achieve competitive advantage, and what its fundamental sources are. The strategic positioning approach, resource approach, dynamic process approach and the relational approach to competitive advantage are some of the approaches. They should not be considered as exclusive but rather complementary and likewise the development of these access points to the development of managerial thought and direction when searching for answers on how to achieve and maintain a competitive advantage. Development and application of new communication channels and technologies in what is significantly affected on it.

Comprehensive field of communications that plays a vital management function within the modern organizational system is called corporate communications. In corporate communications three dominant forms are identified: managerial communication directed toward internal and external groups; marketing communications (advertising, direct marketing, personal selling, sponsorship activities, etc.), organizational communication (public relations, corporate advertising, investor relations, internal communication, crisis communication, etc.).

Strategic management as a process that tends to build and sustain competitive advantage consists of several stages. Communication allows the implementation and integration of each of these stages, but it has a crucial role in the stages of the environment analysis, the formulation and implementation of strategy. The main focus of business is the consumer, and the fate of companies depends on understanding and meeting of their needs. Therefore, it is clear that all the activities of the company are aimed at a better understanding of consumer behavior and on the possibility to influence it through various forms of communication. The two most prominent and widely

used concept that predominantly rely on communication activities and their effects on consumer behavior are image concept and concept of relationships with consumers CRM. Good image of the company means that its communication activities are well placed. Based on the image, the company can draw extraordinary benefits such as competitiveness increase. Some of the areas for acquiring competitive advantages from the image are: faster and easier identification of a specific product, acceleration of the of consumer decision-making process, increase of the satisfaction, simpler introduction of new products, price elasticity reducing, and development of loyalty and company devotion.

As a means for monitoring consumers constant demands, Customer relationship management (CRM) has been developed. It allows understanding of the requirements and desires of present and future consumers. CRM is conditioned by the development of computer technology because without information tools it would be practically and technically impossible to manage such a wide range of information about each individual consumer and to transform information into useful and applicable knowledge. Meeting and overcoming of the consumers expectations depends on the competitive advantage establishment, and this process starts with a CRM that is adjusted to the different consumers profiles and at the same time aligned with the overall strategy of the company.

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